

CASE 12986: Application of Apache Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks exceptions to: (i) Rule 4 of the “*Special Rules and Regulations for the Hobbs-Drinkard Pool*” set forth in Division Order No. R-3811, as amended; and (ii) Rule 4 of the “*Special Rules and Regulations for the Hobbs-Lower Blinebry Pool*” set forth in Division Order No. R-9696, as amended, for the existing (spud on May 26, 2002) State “A” Well No. 6 (API No. 30-025-35304), located at an unorthodox infill oil well location for both the Hobbs-Drinkard (31730) and Hobbs-Lower Blinebry (31650) Pools 990 feet from the North line and 1817 feet from the East line (Unit B) of Section 32, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico. The N/2 NE/4 of Section 32, being a standard 80-acre lay-down oil spacing and proration unit for both pools, is currently dedicated to the applicant’s State “A” Well No. 5 (API No. 30-025-23116) located at a standard oil well location for both zones 660 feet from the North and East lines (Unit A) of Section 32. The State “A” Well No. 6 is to be included within this existing 80-acre unit and will be a replacement well for Apache Corporation’s State “A” Well No. 4 (API No. 30-025-23076), located at a standard oil well location for both zones 660 feet from the North line and 2130 feet from the East line (Unit B) of Section 32, which well was the subject of Division Administrative Order SD-98-04, dated July 28, 1998. This unit is located approximately one mile west of Hobbs, New Mexico.

CASE 12977: Continued from December 19, 2002, Examiner Hearing.

Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Pictured Cliffs formation underlying the NE/4 of Section 1, Township 29 North, Range 13 West, to form a standard 159.85-acre gas spacing and proration unit for all formations and/or pools developed on 160 acres within that vertical extent, which includes but is not necessarily limited to the Fulcher Kutz-Pictured Cliffs Gas Pool. Said unit is to be dedicated to applicant’s proposed Hutchinson Well No. 1R to be drilled at a previously approved unorthodox well location at a point 2050 feet from the North line and 1190 feet from the East line in the NE/4 of said Section 1. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately one-quarter (1/4) mile south and east of the intersection of U. S. Highway 516 and Gila Street in the town of Farmington located in San Juan County, New Mexico.

CASE 12962: Continued from December 19, 2002, Examiner Hearing.

Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the W/2 of Section 12, Township 18 South, Range 24 East to form a standard 320-acre stand-up gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, which presently include but are not necessarily limited to the Penasco Draw Permo-Penn Gas Pool. Said unit is to be dedicated to Applicant’s proposed Gold Stonefly Fed. Com. “12” No. 1 well to be drilled at a standard 320-acre spacing and proration unit gas well location 665 feet from the South line and 1032 feet from the West line in the SW/4 of said Section 24. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant or its designee as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 5 miles northwest of Arkansas Junction, New Mexico.

CASE 12987: Application of Mewbourne Oil Company for compulsory pooling and an unorthodox oil well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Atoka formation underlying the following described acreage in Section 35, Township 23 South, Range 28 East, and in the following manner: The S/2 of Section 35 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent,

including but not limited to the Undesignated South Culebra Bluff-Wolfcamp Gas Pool, Undesignated South Culebra Bluff-Strawn Gas Pool, and South Culebra Bluff-Atoka Gas Pool; the SE/4 of Section 35 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; the N/2 SE/4 of Section 35 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within that vertical extent, including but not limited to the Undesignated South Culebra Bluff-Bone Spring Pool; and the NE/4 SE/4 of Section 35 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, including but not limited to the Undesignated Malaga-Bone Spring Pool. The units are to be dedicated to applicant's Layla "35" Fee Com. Well No. 1, to be drilled at an unorthodox oil well location/orthodox gas well location 1650 feet from the South line and 1241 feet from the East line (Unit I) of Section 35. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling and completing the well. The unit is located approximately 2½ miles northeast of Malaga, New Mexico. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12988: Application of Mewbourne Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 9, Township 17 South, Range 35 East, and in the following manner: The W/2 of Section 9 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Vacuum Atoka-Morrow Gas Pool; and the NW/4 of Section 9 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent. The units are to be dedicated to applicant's Eureka "9" State Com. Well No. 1, to be drilled at an orthodox well location in the NE/4 NW/4 of Section 9. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling and completing the well. The units are located approximately 9½ miles southwest of Lovington, New Mexico.

CASE 12979: Continued from December 19, 2002, Examiner Hearing.

Application of Nadel and Gussman Permian, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 6, Township 23 South, Range 28 East, in the following manner: Lots 1-5, the S/2 NE/4, and the SE/4 NW/4 (the N/2 equivalent) to form a standard 317.26-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Undesignated Loving-Upper Pennsylvanian Gas Pool, Undesignated North Loving-Atoka Gas Pool, and Undesignated North Loving-Morrow Gas Pool; and Lots 1, 2, and the S/2 NE/4 (the NE/4 equivalent) to form a standard 159.40-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent. The units are to be dedicated to applicant's Julius Well No. 1, to be drilled at an orthodox location in the SW/4 NE/4 (Unit G) of Section 6. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling and completing the well. The units are located approximately 2½ miles southeast of Otis, New Mexico.

CASE 12989: Application of Devon Energy Production Company, L. P. for an unorthodox infill well location, Eddy County, New Mexico. Applicant seeks an exception to Rule 2 (b) of the "Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool", as promulgated by New Mexico Oil Conservation Division ("Division") Order Nos. R-9922-A, R-9922-B, R-9922-C, R-9922-D, and R-